



**IDAHO**  
**DEPARTMENT OF FINANCE**

**C.L. "BUTCH" OTTER**  
**Governor**

**GAVIN M. GEE**  
**Director**

October 10, 2018

Re: No Action Request

Dear :

The Idaho Department of Finance (hereinafter "the Department") has received your correspondence requesting review of the applicability of the Idaho Money Transmitter Act (hereinafter "the ITMA") to the business model of (hereinafter " ").

After reviewing the information and representations provided by , and reviewing the sample service agreement, the Department has determined to take a no action enforcement position as it pertains to the current business model of and the licensure requirements of the IMTA.

It is our understanding that customers first request delivery of foreign currency per the terms of the service agreement and payments are initiated by automated clearing house or shared branch network only after the transmission of foreign currency, and that services are rendered solely to financial institutions.

Please be advised that should the facts and or business model differ from that presented, the Department's conclusion regarding the activities of may vary from the position stated herein.

Should you have any questions, please feel free to contact me at [Jennifer.Biretz@Finance.Idaho.gov](mailto:Jennifer.Biretz@Finance.Idaho.gov) or (208) 332-8081.

Sincerely,

Jennifer Biretz  
Securities Bureau, Investigations Supervisor  
Idaho Department of Finance  
P.O. Box 83720, Boise, ID 83720-0031  
Phone: (208) 332-8081

**SECURITIES BUREAU**

**Bureau Chief – James A. Burns**  
**800 Park Blvd, Suite 200, Boise, ID 83712**  
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**Phone: (208) 332-8004 Fax: (208) 332-8099**

**<http://finance.idaho.gov>**

**PROTECTING THE INTEGRITY OF IDAHO FINANCIAL MARKETS SINCE 1905**

January 9, 2015

To whom it may concern:

The purpose of this letter is to request an opinion regarding Idaho's statute that might apply to a Money Service Business (MSB) that fulfills orders to purchase foreign currency by customers of a financial institution located in your state, where those customers make payment for the foreign currency to their local financial institution and subsequently the financial institution makes payment to the MSB via ACH or Shared Branching. These two methods are described in more detail below.

Payment Initiated by \_\_\_\_\_ via ACH Network —

1. A financial institution (FI), such as a credit union or bank, enters a request on behalf of one of its customers for foreign currency. The FI's customer may also enter the request via the FI's online banking portal. \_\_\_\_\_'s software is integrated into the FI's online banking system and the request is instantly available for processing by \_\_\_\_\_.
2. Within 24 hours of receiving the order, \_\_\_\_\_ ships the requested foreign currency via Brinks, FedEx, or UPS overnight courier either directly to the financial institution or directly to the FI's customer, according to the instructions included in the order.
3. On the day the order is processed and after the foreign currency is shipped, \_\_\_\_\_ initiates a business-to-business, ACH debit to the FI's bank account. According to NACHA rules, debit transactions settle in one business day.
4. Since \_\_\_\_\_ does not receive payment until after shipping the foreign currency, no outstanding payment liability is created according to GAAP.

Payment Initiated by Shared Branching Network —

1. Receipt of request for foreign currency – same process as describe above.
2. Shipment of foreign currency – same process as describe above.
3. On the day the order is processed and after the foreign currency is shipped, the Credit Union Service Center initiates a business-to-business, ACH credit to \_\_\_\_\_s bank account. According to NACHA rules, credit transactions settle in one to two business days.
4. Since \_\_\_\_\_ does not receive payment until after shipping the foreign currency, no outstanding payment liability is created according to GAAP standards.

FedGlobal® International ACH Payments —

The Federal Reserve Bank (FRB) asked \_\_\_\_\_ to provide an origination software application to act as the front-end technology for financial institutions when sending international payments through the FedGlobal® ACH Payments Program. The FRB issued \_\_\_\_\_ a routing number to facilitate routing international ACH transactions initiated by originating depository financial institutions (ODFIs). Funds never pass through \_\_\_\_\_s accounts. The

Federal Reserve debits the FI's account and then sends the request to the foreign central bank or an overseas gateway. The financial institution debits its customer's bank account accordingly.

The \_\_\_\_\_ software application facilitates compliance by ODFIs with the Dodd-Frank Reform Act by providing disclosures of foreign exchange rates, foreign fees and foreign taxes, date of funds availability, and trace requests for transaction investigations and error resolution.

The Texas Department of Banking has evaluated \_\_\_\_\_'s MSB related activities and, having determined that its activities are not money transmission, has issued \_\_\_\_\_ a currency exchange license. In accordance with generally accepted accounting principles (GAAP), \_\_\_\_\_ does not have an outstanding obligation as defined in the Texas Finance Code because currency exchange transactions initiated by FIs are pre-funded by \_\_\_\_\_.

We note that Idaho does not require a license for currency exchange activity and does not license activity of money service businesses that serve financial institutions. Nonetheless, management prefers from time-to-time to contact state regulators to obtain written confirmation that \_\_\_\_\_'s activities are not in violation of Idaho's regulations. We look forward to Idaho's opinion on \_\_\_\_\_'s MSB related activities.

Sincerely,



# IDAHO

DEPARTMENT OF FINANCE

C.L. "BUTCH" OTTER  
Governor

GAVIN M. GEE  
Director

March 16, 2015

Dear \_\_\_\_\_ :

The Idaho Department of Finance received your letter dated January 9, 2015, requesting an opinion regarding money transmission licensing requirements for \_\_\_\_\_.

You state in your letter that "Idaho does not require a license for currency exchange activity and does not license activity of money service businesses that serve financial institutions." While you are correct in your understanding that Idaho does not require a license for currency exchange activity, we disagree with your assessment that a license is not required for money service businesses that serve financial institutions. We direct you to Idaho Code §26-2904 which defines those entities exempt from money transmitter licensing in Idaho. While banks and credit unions are exempt from licensing, there is no exemption noted for money service businesses that serve financial institutions.

In an effort to assess the applicability of the Idaho Money Transmitters Act to your business, we ask that you provide the Department with a copy of the standard contract between \_\_\_\_\_ and its customers. Additionally, we encourage you to provide the Department with any legal opinions that may support your understanding that \_\_\_\_\_ would be exempt from the Idaho Money Transmitters Act.

If you have any questions or need further clarification, please feel free to contact me at 208-332-8081.

Sincerely,

Coleen Hodson  
Securities Investigator

SECURITIES BUREAU

Bureau Chief - Jim Burns

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